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SITUATION REPORT

POLAND

Party leader Kania on Monday defended his moderate policies in a way that suggests he continues to face strong pressure to adopt harsher tactics.

Addressing a commission preparing for the special party congress later this spring, Kania strongly restated his commitment to the resolution of disputes through political means. He urged his audience "never to run out of patience" in talking with Solidarity and criticized unspecified party members who "fail to understand" the new situation.

Kania also criticized Solidarity more sharply than he has in the past, saying there are instances where it has gone beyond its charter and that some in the union are trying to turn it into an opposition political party. At the same time, however, he avoided any blanket criticism of the union.

The party chief also increased his criticism of efforts to force the regime to accept an independent farmers' union, Rural Solidarity. As a result, the Polish Supreme Court probably will not rule in favor of the farmers when it reviews the case next week.

Kania's harsher criticism of Solidarity seems intended to show his hardline critics that he is very much aware of trends in the country.

Party Congress Delay

Kania and Politburo member Olszowski, who also addressed the session, indicated that preparations for the party congress are going slowly. The congress is not likely to be held until mid-May.

Many within and probably outside the party view the congress as an occasion for the party to prove its commitment to reform of Polish society by reforming itself.

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The party leadership is having difficulty deflecting demands for internal party reforms. Olszcwski hinted at the far-reaching nature of some of the suggested changes by labeling "unacceptable" demands that the party abandon its Marxist-Leninist base, remove itself from economic management, and water down the principle of democratic centralism.

Worker Discontent

Labor unrest continues in several southern provinces despite efforts by the government and members of Solidar-ity's national leadership to resolve the problem. Meanwhile, the government increased the pressure on workers by announcing yesterday that strikers will no longer be paid if their actions violate existing statutes. In the past, strikers have usually been given full pay.

East European Reaction

The East German and Czechoslovak media yesterday came very close to publicly criticizing the Kania regime for its policy of seeking compromise with Solidarity. The East Germans indirectly refuted an assertion by the Polish party daily that Warsaw has the support of its clies. A Czechoslovak radiobroadcast said that the concessions wrung from the Polish regime by Solidarity only deepen the crisis.

Military Situation

Soviet and Warsaw Pact forces in and around Poland are engaging in normal training activity in or near their garrisons. The Soviets are expected to participate in at least three exercises that may occur within Poland during the next few weeks.

An air exercise involving the Soviet air force in Poland apparently has been scheduled for early March. A Warsaw Pact exercise, which reportedly also has been scheduled for early March, will include an amphibious

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landing along the Polish coast. We believe that it will involve at least Soviet and Polish naval forces. In addition, a Warsaw Pact command post exercise is expected by mid-March.

Soviet forces in the western theater, which includes the western USSR and Central Europe, also should participate in extensive exercise operations before the next semiannual troop rotation begins this spring.

We continue to believe that if the Soviets decide to intervene in Poland with a force of some two dozen divisions, they probably would take one to two weeks to prepare. We would expect to have evidence within a few days of the start of preparations, but

to provide information on the scope and imminence of an impending intervention. (S)

If the Soviets decide to intervene with only a few divisions, they could assemble such a force from units in East Germany and Czechoslovakia and the most ready divisions in the western USSR. This could be accomplished in two to three days, and the preparations would be difficult to distinguish from the present level of exercise activity. In this case, we could provide little or no warning.